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Department of Housing Budget

Appropriations Committee public hearing – February 17, 2017

Testimony of Raphael L. Podolsky

This testimony involves a part of the Department of Housing budget with which the Appropriations Committee has dealt during each of the past two years. We urge you to support or incorporate into the budget or an implementer legislation that will provide continuing protection for residents of state family public housing (known as Moderate Rental Housing). More specifically, we urge you to amend §8-71 of the General Statutes to prevent municipalities from assessing payments in lieu of taxes on housing authorities for their state family public housing in the absence of the provision of state funds with which the housing authorities can make these payments. Failure to continue such a restriction will result in severe rent increases for the very poorest families in such housing -- increases averaging around \$70 per month but reaching almost \$140 per month in some housing authorities. The existing temporary restriction, which will expire on June 30, 2018, should be made permanent. It is expected that similar language will appear in H.B. 6608, a proposed bill that is currently being drafted by the Housing Committee. In past years, this issue has been treated as a matter for a budget implementer.

Background

State Moderate Rental public housing serves a population of low and very low income families. This public housing, which is owned by housing authorities in 16 towns, is tax exempt; but it receives no operating subsidy and expenses must be paid from the rents that are collected. State statute requires the housing authorities to make payments in lieu of taxes (PILOT payments) to the town in which the housing is located. Until 2015, however, the state funded these PILOT payments, which were essentially a pass-through. This helped hold down the base rent and permitted the housing to serve the poorest families. The 2015 state budget, however, defunded the state program, leaving the housing authorities liable for PILOT but with no funds to make the payments. To meet this obligation, housing authorities would have had significantly to raise the base rent in their developments, which is the rent paid by the lowest-income residents. The Appropriations Committee recognized this problem, which it addressed it by special legislation prohibiting towns from enforcing this PILOT for one year. Last year, the General Assembly modified the underlying statute to extend this moratorium for two more years. That moratorium should be made permanent in the absence of a state-funded program.

I have attached a rent impact sheet prepared last year based on DOH data and a copy of the wording for H.B. 6608 we have proposed to the Housing Committee.

MODERATE RENTAL HOUSING PROGRAM (STATE FAMILY PUBLIC HOUSING)
DEVELOPMENTS BY TOWN and
NECESSARY BASE RENT INCREASES IF PILOT FUNDS ARE LOST

	Names of developments	Units	Units at Base Rent	PILOT	Current base rent	Necessary increase	% increase base rent only
Bristol	Dutton Heights/Zbikowski Park	174	136	\$ 81,997	\$220-255	\$ 50	23%
Danbury	Coal Pit/Fairfield Ridge/Mill Ridge	290	119	\$170,472	\$285-303	\$119	42%
Enfield	Laurel Park/Green Valley Village	174	107	\$132,987	\$190-215	\$104	55%
Greenwich	Adams Garden/Armstrong McKinney Terrace	245	N/A	\$ 76,221	\$304-725	\$ 25*	8%*
Hartford	Bowles Park/Westbrook Village	770	154	\$255,602	\$250-293	\$138	90%
Mansfield	Holinko Estates	35	22	\$ 13,731	\$370-470	\$ 52	14%
Meriden	Johnson Farms/Yale	214	175	\$127,287	\$255-282	\$ 61	35%
Middletown	Sunset Ridge/Rockwood Acres/ Santangelo Circle	198	76	\$125,434	\$215-231	\$138	64%
Norwich	Melrose Park/Kennedy Heights Hillside Terrace/Sunset Park	286	179	\$139,597	\$295-425	\$ 65	36%
Seymour	Smith Acres/Hoffman Heights/ Castle Heights	81	54	\$ 67,688	\$260-275	\$104	40%
Sharon	Sharon Ridge	20	18	\$ 7,710	\$235-305	\$ 36	15%
Stamford	Oak Park/Lawn Hill Terrace	590	N/A	\$372,683	\$375-430	\$ 53*	14%*
Stratford	Meadowview Manor	100	65	\$ 54,079	\$366-560	\$ 69	19%
Westport	Sasco Creek Village/Hales Court	75	N/A	\$ 22,615	\$145-185	\$ 25*	17%*
Wethersfield	Highvue Terrace	28	16	\$ 16,188	\$268	\$ 84	31%
Windham	Eastman Curran Terrace/Terry Court	146	92	\$ 61,628	\$185-240	\$ 56	30%
Total:		3,426					

* Number of base rent units not available. Necessary and percentage increases assume that all units are at base rent. These numbers will be higher if any units are above base rent.

PROPOSED AMENDMENT ON STATE MODERATE RENTAL HOUSING

Section 8-71 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2017*):

(a) In lieu of real property taxes, special benefit assessments and sewerage system use charges otherwise payable to such municipality, except in such municipalities as, by special act or charter, on May 20, 1957, had a sewer use charge, an authority shall pay each year to the municipality in which any of its moderate rental housing projects are located a sum to be determined by the municipality, with the approval of the Commissioner of Housing, not in excess of twelve and one-half per cent of the shelter rent per annum for each occupied dwelling unit in any such housing project; except that the amount of such payment shall not be so limited in any case where funds are made available for such payment by an agency or department of the United States government, but no payment shall exceed the amount of taxes which would be paid on the property were the property not exempt from taxation.

(b) [For the period commencing on the effective date of this section and ending June 30, 2018, each] Each municipality that received a grant-in-aid pursuant to section 8-216 in the fiscal year ending June 30, 2015, shall waive any payment that becomes payable [during such period] pursuant to subsection (a) of this section during any fiscal year in which no grant-in-aid for such amount pursuant section 8-216 is made, except that no waiver shall be required in any case where funds are made available for such payment by an agency or department of the United States government.